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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 002348

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STATE FOR T AND EUR/CACEN
DEFENSE FOR OSD/ISP

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TAGS: [PREL](#) [PARM](#) [MARR](#) [AM](#)

SUBJECT: EUR DAS KENNEDY'S OCTOBER 14 - 17 VISIT TO ARMENIA

REF: A. YEREVAN 2281

[1](#)B. YEREVAN 1815

Classified By: Ambassador John M. Evans for reasons 1.4 (b) and (d)

Summary

[1](#)1. (C) Armenia plans to follow through with its commitment to deploy non-combat troops to Iraq. The issue is a political hot potato, however, and the GOAM hopes the USG will help keep the issue out of public view while it works to obtain the parliamentary approval required for deployment. This was a key part of President Kocharian's message to EUR DAS Laura Kennedy during her October 14-17 visit to Armenia. In addition to covering a broad range of issues with top government, business, and civil society leaders, DAS Kennedy signed a new bilateral Article 98 agreement with FM Oskanian. End Summary.

[1](#)2. (C) DAS Laura Kennedy visited Yerevan from October 14-17 and met with President Robert Kocharian, Foreign Minister Vartan Oskanian, Minister of Defense Serzh Sargsian, and National Assembly Speaker Artur Baghdasaryan. She covered the full range of issues including GOAM support to the coalition in Iraq, efforts to open the border with Turkey, resolution of the Nagorno-Karabakh impasse and the nature of USG assistance for Armenia. President Kocharian and FM Oskanian complained bitterly about a move in the UN General Assembly by Azerbaijan to raise Nagorno-Karabakh outside the context of the Minsk Group negotiations. (Details of the discussion on the UNGA discussion are covered in REF A.) DAS Kennedy also attended the launch of a USAID-sponsored program supporting the development of new small and medium sized businesses. Press coverage of DAS Kennedy's visit was widespread, factual and generally very positive.

TROOPS TO IRAQ: TOUGH POLITICAL SLEDDING AHEAD

[1](#)3. (C) DAS Kennedy congratulated the GOAM for its decision to deploy non-combat troops in Iraq, noted reports of domestic criticism, and asked if we could help in this regard. Officials voiced their support for the move, but each expressed concern that it may be difficult to pass this decision through the National Assembly, Armenia's parliament. They noted popular concern that this deployment could affect the security of ethnic Armenians residing in Iraq and elsewhere in the Middle East. Defense Minister Sargsian told DAS Kennedy that he continued to support deploying Armenian troops in Iraq. He was confident that the support of the MFA, MOD and the President should be enough to push the legislation through the National Assembly. Speaker Baghdasaryan also expressed confidence in the passage. He did not indicate specifically when the proposal would be dealt with, but indicated a general November timeframe. Sargsian requested the help of U.S. troops to protect Armenians in Iraq if they suffered from a backlash in response to this deployment.

[1](#)4. (C) President Kocharian echoed Baghdasaryan in indicating that the government wanted to handle the planned deployment in as low-key a fashion as possible in order to get it through the National Assembly quickly and successfully. He specifically requested that the USG assist the GOAM in keeping this issue out of the public eye.

ARTICLE 98 AGREEMENT: SIGNED BUT PENDING RATIFICATION

[1](#)5. (C) DAS Kennedy signed a new Article 98 agreement with FM Oskanian in a quiet ceremony on Saturday, October 16. (Note: The GOAM Constitutional Court declared the previous Article 98 agreement -- the text of which referred to the Rome Statute -- unconstitutional until Armenia ratifies the Statute itself. In a clear gesture of good will, the GOAM pushed a new text without reference to the Statute through its interagency process in short order (REF B). End Note.) Oskanian told DAS Kennedy that he expected the National Assembly to ratify the Article 98 agreement by the end of November. The agreement must still, however, be certified by the Constitutional Court before it moves to the NA for

ratification.

Business and Civil Society: Some Progress, Much To Do

16. (C) At a luncheon with leaders of non-governmental organizations, DAS Kennedy pressed for closer engagement with the government; remaining outside the process simply means that dissenting voices will not be heard. She pledged continued USG support for the development of Armenia's civil society. Mikhael Daniliyan, chair of Armenia's Helsinki Association told DAS Kennedy that while there have been some improvements -- like the recent registration of Armenia's Jehovah's Witnesses -- much progress needs to be made to secure citizen's basic human rights. Kennedy commended NGOs for pursuing regional ties and urged them to develop them further with Azerbaijan and Georgia.

17. (C) At a dinner with U.S. business leaders, DAS Kennedy heard a litany of complaints about the difficult business environment in Armenia, with corruption stressed by all. Byzantine, often contradictory legislation makes it tough to run a successful business in Armenia. Sporadically enforced laws and predatory tax inspectors were challenges, but business leaders were nevertheless optimistic about prospects in this steadily-growing economy.

ASSISTANCE: APPRECIATION ACROSS THE BOARD

18. (C) On October 15, DAS Kennedy attended a USAID-sponsored event where Ambassador Evans launched a "road map" for startup businesses in Armenia. This project, in partnership with the Armenia's Ministry for Trade and Finance, is intended to help new businesses navigate the difficult waters of local legislation. In each of DAS Kennedy's meetings, GOAM officials expressed gratitude for effective, carefully targeted, USG assistance. President Kocharian, FM Oskanian and Defense Minister Sargsian all expressed embarrassment over their first attempt at a proposal for the Millennium Challenge Corporation (MCC) and acknowledged that their proposal was poorly focused. Kocharian said he had ordered that it be redrafted immediately. DAS Kennedy underscored the fact that there was still time to improve the proposal and that the MCC remained eager to engage Armenia on this issue.

19. (C) During her meeting with Defense Minister Sargsian, DAS Kennedy raised the issue of the Foreign Military Financing (FMF) projects. Sargsian noted that he wished to spend FMF "more effectively." He brought up a recurring MOD request to use FMF funds exclusively for the purchase of military communications equipment. Sargsian stated that this purchase would address one of the "basic needs" of the Armenian Military. DAS Kennedy replied that the nature of FMF spending is up for discussion between Embassy Yerevan's Office of Defense Coordination (ODC) and the MOD and expressed concern over the focus of the pattern thus far. She welcomed the pending defense assessment as a major way to allow the USG and Armenia to more effectively address MOD needs.

110. (U) DAS Kennedy has reviewed this telegram.
EVANS